

20 Oct 1979

DCI Address to Young President's Organization - 25 Sept 1979

Good morning. We are really pleased to have you here today. I am pleased because 18 months ago I had the pleasure of talking with one of your domestic universities out in San Francisco. I gather there are a few of you who have come for double punishment. I enjoyed that it was a very stimulating experience. For many years I have felt great respect and closeness to the YPO. One of my most admired business friends here in Washington used to tell me about his adventures with you and I watched him as he dreaded the day when the calendar was going to force him out. To me, YPO represents the best in American business. The firms you represent aren't always the largest and mightest, but they are of top quality. I happen to believe that it is very important that the key agencies and departments of our government maintain good and frequent communications with the best of the American business community. I think this is important for both of us if we are going to prosper as a nation in the difficult international climate in which we live today.

The intelligence community, I believe, has always had good relations with the business community in a number of important areas. Let me digress for a minute to point out that I have used the term intelligence community. By that I refer to this organization, the Central Intelligence Agency, the intelligence entities in the Department of Defense, Department of State, Treasury, Energy, the counterintelligence portions of the Federal Bureau of Investigation together all of these comprise what we call and intelligence community. As the Director of Central Intelligence I head that community. I also have the job of being the head of the Central Intelligence Agency one of the member entities.

Overall, as I say, I think the relations with this community and your community have been good but have not been far reaching enough. What I would like to do this morning very briefly, before responding to your questions or hearing your suggestions or comments is to speak of a few of the changes going on inside this intelligence community that I think will help promote better interaction with the best of our business community.

Let me start by pointing out that there are a number of similarities between the way we are organized and the way most of your businesses are. In the intelligence community we have two basic operating divisions. One of these is to collect the raw materials from which we can mold our product and the other is to produce that product and market it. The collection division in intelligence might be likened to the purchasing department in a business. It acquires our sole raw material. Information. Information about what is happening in the rest of the world that might impact on the United States.

Once the raw material is acquired it is turned over to the second operating entity, the production division. This is responsible for turning out a written analysis or an estimate of a situation for the President or the other top policy makers. The end objective being to help them make better more informed decisions on behalf of all of us. Let me then say a few words about each of these operating divisions, the collection and the production divisions and highlight the interaction that each of them may have with American business.

One of the greatest strengths of the American intelligence community today is its ability to collect that information which is needed and when

it is needed. I can say this with confidence that we can collect that information because of the incredible sophisticated and capable technical intelligence systems which have been provided to us by American industry. It is hard to impress upon you how sophisticated, how technically capable are these intelligence collection systems that have been produced with American industrial ingenuity. Very broadly speaking there are three ways that we collect intelligence information. We intercept signals going through the airs, military signals, communication signals. We take photographs from airplanes or satellites and we still employ the traditional human spy. All three of them, but particularly of course, the signals intercept and the photographic devices require very sophisticated techniques. And these have been and are being provided to us by the American business community. And, I can assure you that in all of these technical areas we are the best, we are the best in the world well ahead of the Soviet Union in particular. For this we are very grateful to you and others in the business community who have made this possible.

Interestingly, this very success of the business community has provided us with so much data today that one of our real problems is how to process, analyze and absorb it. This is something we are working on again with many in the business world to try to find the techniques for storage, collating, retrieval and manipulation of this information so that it can be put to best use. It is not an easy task, it is one we are pleased to have as a challenge, but it is one that we all need to work on together.

Another problem of almost too much success that we have today is that this equipment which American industry has built for us to use in collecting information has been of such outstanding quality that it has lasted much longer than we expected. This is literally one of the great unsung accomplishments of American industry. This accomplishment has not only enabled us to do what we have to do with very high reliability it has saved us a lot of money. Accordingly, over the last half-dozen years or so our annual operating expenses have been well below normal. We have been living off systems that should have failed two or three or four years ago. We have not had to replace on the normal schedule. Instead we have been able to put our money into the development of new systems to replace those that will go out of operation at some time. Unfortunately, windfalls like these all seem to come to an end. Today we are facing a block obsolescence in a number of these high quality long lived systems. We have lots of new ones ready and waiting to replace them, but unfortunately we are unable to afford them all at once. We are simply unable to pay for all the new or improved capabilities that lie over the horizon waiting for us.

Today then just because a new system does provide us with more capability, improved capability, better reliability is not enough to warrant our going ahead and being able to purchase it. We are being forced to be more discriminating in what we develop and in what we purchase in order to collect information for intelligence. In short, we need this continued ingenuity of American industry to keep us three steps ahead of the Soviets and others. But at the same time

we need the understanding of American business and industry in offering to us an developing for us those things which are truly large improvements and large improvements per dollar.

As I mentioned earlier, our other operating division is our production division. Here there has always been a strong and quite legal and proper connection with the American business community. For many years many of you have shared with us knowledge that you have gained in your business activities overseas. Clearly, it would make no sense for this country to spend money and to take high risks in order to gain information which held amongst our own community within our own country. You have recognized this and we appreciate your positive response.

I am trying to make this more of a two-way street. For example, in the past two and a half years beginning in the spring of 1977 with our first unclassified study about the world energy situation, we hve published over 300 studies available to the public on world issues of one sort or another. We think they have contributed to a better informed citizenry, to an improved quality of national debate on key issues. Two months ago, for instance, we reissued our world study on energy. We updated it, we found fortunately, that the basic conclusions of two and a half years ago were holding quite true. So you see we have a continuing program here to take the classified work that we do and scrutinize it to see if we can unclassify it without removing all that would be useful in it and make it available to the American public.

Interestingly, with this last energy study one of the strongest reactions we got was from the Soviets who didn't like what we believe is the truth of our prediction about there energy predicament. So you see we are enlarging the debate even more than we thought we were.

Today we are working with the Department of Commerce to find ways to share even more information with you. Especially the results of political and economic research. It seems to particularly unwise, if information exists within our government which would assist the American business community not to share it with you to the greatest extent possible. I need not point out, however, that there are inherent problems in doing this. One, is the protection that we must be able to guarantee to our sources of information. Another, is the danger of preferential treatment for one business over another. And, still another is our necessity for protecting proprietary information when it is shared with us. Nonetheless, despite these problems and impediments I am persuaded that we can do more to share information with you and I am committed to trying to do so.

At the same time there is something you can do for us. I would like to ask your support today in several areas. Not as suppliers of information to us, but as Americans with a proven record of dedication to the security of our country. The contributions of intelligence to that security is endangered today from a number of directions. Steps must be taken, I believe, to correct some imbalances which have developed but they cannot be corrected without public support. First, there is the improper dissemination of classified information and this is fast becoming our most serious problem in the intelligence community. Leaks from within the government are a big part of the problem, it is a part which we are working on to control especially by trying to generate a renewed sense of understanding and appreciation for the importance of classified information. Beyond that

another part of the problem results from the blatant authorship of books and articles by people who are dedicated to tearing down our intelligence apparatus. We should be able to do something about this, but unfortunately we generally cannot. One of the worst offenders for instance is Mr. Philip Agee a former employee of the Central Intelligence Agency. He is now making a profession of exposing everything he once learned about the CIA or which he can now find out. Agee's friends, for instance, regularly publish a slick bulletin called "Covert Action" from right here on Dupont Circle in Washington. Its professed objective is to identify undercover United States Intelligence Officers all around the world. Obviously, when these people are identified, they and their families are the target of terrorists and kooks alike. I have virtually no legal recourse against this activity. There are some 30 United States laws which make it a criminal offense to reveal tax information, commodity futures or other commercial information, but there is no adequate law to protect National Security information. The only one under which we can prosecute is the antiquated Espionage Act of 1917. Its flaw is that it requires proof of intent to harm the United States. You don't have to be a lawyer to perceive how difficult it is to prove intent in a case like this. Mr. Agee simply can contend that it is his professed belief that the United States would be better off without any intelligence services, and therefore, he is not intending to harm the United States by his actions in undermining us.

I am proposing legislation to correct this situation and ask your support when it comes before the Congress.

Secondly, not only do we have trouble in dealing with unscrupulous men like Philip Agee under our existing laws but there are some laws which actually help such people. One is the Freedom of Information Act. Now, I am committed to the Freedom of Information and its concept. It is a good thing for the American people to be able to obtain from their government whatever information is in the files about them personally, to be able to learn how their government is operating and where their taxpayer dollars are going. But, for the good of the country and for the good of the individuals in it there is some information they must be protected against having because giving it to one individual is, in effect, giving it to all. If our intelligence organizations are worth having we cannot also force them to operate too much in the open. This is simply to preclude them from being able to do what we are asking them to do. Some information should be available from intelligence files, certainly, but unless we can protect our sources of information, unless we can protect how we go about our work we will soon be out of business. Just as you would be if you could not protect the formulas and processes of your operation or you could not protect the competitive bids which you put in. If you could not preserve these secrets in your businesses I suspect you would lose your competitive advantage as we are losing ours today through these deprivations on our privacy on our necessary secrecy.



Under the Freedom of Information Act, for instance, we have been required to devote four man years to providing information just to Mr. Agee. One person has been working full time just to service one individual author who keeps writing for information. We spend \$3 million dollars a year, of your money and mine, to respond to some 4,000 requests. Some of these come from children. One high school teacher had every student in the class write to us just to show them how the system operates. We get forms sent in to us that people have generated just to make us, I think, divert our energies from what we should be doing. Each one of these requests, we estimate, costs the taxpayer about \$800. Most of what comes out is useless except to a very few individuals. Ironically, if the chief of Soviet intelligence were to write to us today and request some information I would be required by law to respond to him within 10 days. We even had a request from the Polish embassy in Washington. We are proposing legislation to correct this, for which again I ask your support.

In conclusion then, our intelligence community is undergoing substantial change today we need your support as this process goes forward. Change is never easy or comfortable in a large bureaucracy. Some people told me not even in a small one and you have seen that in the reports in our press in the last several year. I am confident that we are now on the right course for the future of this country with the shape of our intelligence community as it is coming forward today. The problems I have cited, I think, are

almost inevitable in a society as free as ours is, but I assure you I would not trade places today for anything with my counterpart in the Soviet Union Mr. Uri Andripov, even though he has none of these impediments in his way. The advantages particularly in my production division where we analyze the information we collect, the advantages of being a free society where you can express diversion, conflicting, unorthodox views is absolutely essential to doing good intelligence analysis. Exposing the contrary view is fundamental to our business and because our society encourages those views that come forward they will always be with us, we can live with them. At the moment the pendulum has swung too far and our intelligence community is in danger and as a result so too is our national security. The legislation I have proposed seeks to achieve a more reasonable balance between secrecy and openness in the world of intelligence.

I again, ask your understanding and support in this. I thank you once again for the unparalleled contribution that you and all the American business community have made and our making to the intelligence community of our country and to our nation's safety and security.

Thank you.

END SIDE A.

Text used.

YOUNG PRESIDENT'S ORGANIZATION  
CIA Auditorium  
1005, Tuesday, 25 September 1979

Draft Remarks

With u today

YPO rep best Amer bus comm

Believe important key agencies govt & best elements bus  
comm understand each other and work together when-where  
proper

IC - always good relations some areas

Always 2 few others

Talk - before?/suggestion changes -

Especially areas Interaction will/should ↗

Areas where we can help you more

Areas where you can help us more

There are a number of similarities between the United States  
Intelligence Community/and most American business corporations/ We  
in intelligence have two main operating divisions: /one to collect the  
raw materials that are needed to produce our product;/and the other to  
do the production <sup>& marketing</sup> ~~itself~~/. The collection division in intelligence  
might be likened to the purchasing department in business./ It acquires  
our sole raw material - information/- information about what is happening  
in other countries that may affect the United States.

Once this raw material is acquired, it is turned over to the second operating entity, the production division, <sup>This</sup> which is responsible for actually turning out a written analysis or estimate of a situation for the President or other policymakers. The end objective is to help them to make more informed decisions on behalf of all of us.

Let me say a few words about each of these two operating divisions -- collection and production -- and highlight some aspects of each which, I believe, are most relevant to the business world.

One of the greatest strengths of the American Intelligence Community is its ability to collect the information which is needed, when it is needed. I could not say that with such confidence if it were not for the incredibly sophisticated and effective technical collection capabilities which American industry has developed for us over the years. SIGINT/PHOTINT/HUMINT. In the use of technology for intelligence collection, American ingenuity has put us clearly ahead of the Soviet Union. There is just no question that American intelligence technology is the best in the world and for that we must be very grateful to you and to others in the business world who have made that possible.

Interestingly, the very success that the business community has provided us in collecting data has generated a subsidiary problem. This is that the quantity of information available through our advanced technical systems today almost threatens to swamp us. We are constantly

working to find ways to process and analyze these large quantities of raw data effectively. We are working hard on this with the help of many of you as well, but much remains to be done.

Another problem of too much success that we have today is that the equipment American industry has built for us to use in collecting information has been of such outstanding quality that it has lasted much longer than was expected. This is literally one of the great, unsung accomplishments of American industry. This accomplishment has not only enabled us to carry out our job with a very high reliability, it has saved us a lot of money. Accordingly over the last half dozen years, our annual operating expenses have been below normal, we've been living off systems that should have failed several years ago. Instead we have invested in the development of more new collection systems than our budget would have otherwise allowed.

Unfortunately, most windfalls come to an end. Today we are facing the block obsolescence of a number of these long-lived systems. We have lots of new ones ready to replace them, but replacing them all at once is more than we can afford. We are simply unable to pay for all of the new or improved capabilities that the ingenuity of U.S. industry can offer us. Today just because a new system gives us "more" or works "better" is not enough to justify <sup>our</sup> buying it. We are being forced to be more discriminating in what we develop and <sup>what we</sup> purchase in order to collect information. We need the understanding of American business in this respect.

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concent change pay off your*

As I mentioned earlier, the other operating division which we have in common is a production division. Here there has always been a strong, and quite legal and proper link between American business and the Intelligence Community. For many years, many of you have shared with us the knowledge that you have acquired in your business dealings around the world. Clearly, it would make no sense for this country to spend money and to take high risks in order to obtain information which exists amongst our own countrymen. You have recognized this and we appreciate your positive responses.

I am trying to make this more of a two-way street. For example, over the past two and one-half years, beginning with our first unclassified study on the world energy situation, we have published <sup>in the public</sup> more than 300 separate studies on world issues. They have contributed to a better informed citizenry, and have stimulated important national debate.

Two months ago, for instance, an updated version of that first energy study confirmed the general conclusions of the original study <sup>27</sup> and has even elicited strong reaction from the Soviets. So you see, the debate is even enlarging. (Copies on table)

Today we are also working actively with the Department of Commerce to find ways of sharing even more information with you, especially the results of our political and economic research. It seems to me particularly unwise, if information exists within the government which would assist the American business community, not to share it with you to the greatest extent possible.

I need not stress that there are inherent problems in attempting to do this. One is the protection that we must be able to guarantee to our sources; <sup>of information</sup> another is the danger of preferential treatment <sup>for one business</sup> ~~to the detriment of any one of you~~; and also we must consider the absolute necessity of our protecting proprietary information when it is shared with us. Nonetheless, despite these problems, I am persuaded that we can do more for you and am committed to trying to do so. ~~You will be seeing more of our vice president for production as we do.~~

At the same time, there is something that you can do for us. I would like to ask your support in several areas, not as suppliers of information, but as Americans with a proven record of dedication to the security of this nation. The contribution of intelligence to that security is endangered today from a number of directions. Steps must be taken to correct the imbalances which have developed, but they cannot succeed without active public support.

First, the improper dissemination of classified information is fast becoming our most serious problem. Leaks from within the government are a big part of this problem. It is a part which we are working to control, especially by generating a renewed sense of respect for classified information by those with access to it. <sup>Another</sup> ~~The other~~ part of the problem results from the blatant authorship of books and articles <sup>intended to discredit me</sup> ~~by former government~~ <sup>employees</sup>. <sup>Agitate activities</sup> We should be able to do something about this but cannot. One of the worst offenders is Phillip Agee, an employee of the CIA for a number

of years. / He is now making a profession / of exposing everything which he learned about the CIA / or which he can find out. / Agee and his friends regularly publish a slick bulletin called "Covert Action," / from a building near Dupont Circle here in Washington. / Its professed objective / is to identify undercover American intelligence officers around the world. / Obviously, once our people are identified, / they and their families / become the target of terrorists and kooks alike. / I have virtually no legal recourse against Agee and his ilk. /

There are some thirty U.S. laws making it a criminal offense / to reveal tax information, / commodity futures, and other commercial information. / Nothing comparable protects national security information. / The only law under which we can prosecute / is the antiquated Espionage Act of 1917 / which requires proof of intent to harm the United States. / You don't need to be a lawyer / to appreciate the difficulty in proving such intent. / As long as Agee professes to believe / that America would be better off / without an intelligence service, / it is difficult to prove his intent to harm the country. / I am proposing legislation to correct this and ask your support. /

Second, not only do we have trouble dealing with unscrupulous men / like Phillip Agee under existing laws, / but there are some laws which actually help such people. / One such law is the Freedom of Information Act. / Now I support fully the concept of freedom of information. / American citizens should be able to find out / what information the government has stored away about them; / they should also be able to know what the government



is doing, how it is being managed, and how their taxes are being spent. But for their good and the good of the country, there is some information they must be protected <sup>against</sup> ~~from~~ having, because giving it to one is giving it to all. If our intelligence organizations are worth having, we cannot also force them to operate too much in the open. That is simply to preclude them from being able to do what they are being asked to do. Some information should be available from intelligence files certainly, but unless we can protect our sources and how we go about our work, we will soon be out of business--just as you would be if your product formulas and processes and your competitive bids could not be protected from your competitors. You would lose your competitive advantage, and so would we.

Under the Freedom of Information Act, for example, we have been required to devote four man-years to providing information requested by Mr. Agee. One person has been working full-time supplying information to a single author. Every year we spend nearly \$3 million dollars to answer over 4,000 requests. Some of them come from children, some are form letters, some from each student in a high school civics class just to see how the government works. Each request costs the taxpayer over \$800. And most of what comes out of this process is useless, except for a few individuals. If the Soviet intelligence chief were to write us, we would be obliged by this law to respond within ten days. We are proposing legislation to correct this situation for which I ask your support.

In conclusion then, <sup>our</sup> the Intelligence Community is undergoing substantial change and we need your support as this process goes forward. Change is never easy or comfortable in a large bureaucracy-- as you've seen from our press over the last ~~two~~ <sup>several</sup> years. But, I am confident we are now settling on the right course for the future.

The problems I have cited are, I think, inevitable in a society as free as ours--and I assure you I would not trade shoes with my counterpart in the Soviet Union, Yuriy (Uri) Andropov, even though he has none of these impediments on his actions. The advantages, particularly in my production or analysis department, of being in a free society where you can express divergent, even unorthodox views is absolutely essential to doing good intelligence analysis. Exposing the contrary view is fundamental in our business. And because our society encourages those views to come forward, they will always be with us. We can live with them. But at the moment, the pendulum has swung so far that the Intelligence Community and, as a result, the national security, is being harmed. The legislation I have proposed seeks to achieve a more reasonable balance between secrecy and openness.

I seek your understanding and support, and thank you once again for the unparalleled contribution that you and all of the American business community have traditionally made to this nation.

